

Message Text

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E.O. 11652: GDS

TAGS: PFOR, PINT, IT

SUBJ: DC/PCI RELATIONS

1. THE LEADERSHIP OF THE CHRISTIAN DEMOCRATIC PARTY (DC) APPEARS TO HAVE MADE A DECISION THAT IT HAS NO CHOICE BUT TO COOPERATE WITH THE COMMUNIST PARTY. WHILE IT CLEARLY HAS NOT YET WORKED OUT THE DETAILS OF HOW THIS COOPERATION SHOULD BE ORGANIZED, THE GENERAL THRUST AND SOME OF THE SPECIFICS ARE BECOMING CLEAR. THE SPECIFICS INCLUDE A COMMUNIST (INGRAO) AS PRESIDENT OF THE CHAMBER OF DEPUTIES AND A NUMBER OF COMMUNIST COMMITTEE CHAIRMEN IN THE TWO HOUSES OF PARLIAMENT. BEYOND THAT, THE DC APPEARS TO BE THINKING OF A DC-LED MINORITY GOVERNMENT, EITHER ALONE OR POSSIBLY WITH THE REPUBLICANS, WHICH WILL ESTABLISH A LEGISLATIVE PROGRAM WHICH WILL BE REVIEWED WITH ALL PARTIES OF THE "CONSTITUTIONAL ARC" (WHICH EXCLUDES THE FAR RIGHT MSI AND THE EXTREME LEFT). THE ONLY LEGISLATIVE PROGRAM THAT IS BEING TALKED ABOUT IS AN ECONOMIC ONE AND, LIKE AGNELLI (ROME 10883), THE DC SEES THE ESSENTIAL PROBLEMS AS (A) REDUCING OF INFLATION AND (B) IMPROVING THE BALANCE OF PAYMENTS, PRIMARILY THROUGH LIMITING THE INCREASE IN LABOR COSTS AND REDUCING THE DEFICIT IN PUBLIC SPENDING. THE DC LEADERSHIP IS APPARENTLY CONVINCED THAT IF IT CAN PUT TOGETHER A REASON-ABLE ECONOMIC PROGRAM, IT WILL RECEIVE FINANCIAL ASSISTANCE

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FROM OTHER WESTERN COUNTRIES EITHER DIRECTLY OR THROUGH MULTI-

LATERAL ORGANIZATIONS.

2. WITH REGARD TO ITS RELATIONS WITH THE PCI, THE DC LEADERSHIP APPEARS TO BELIEVE THAT ITALY'S ECONOMIC PROBLEMS CAN NOT BE SOLVED WITHOUT THE PCI, BECAUSE OF THE STRENGTH OF THE LEFT OF THE PARLIAMENT AND ITS STRONG INFLUENCE ON THE LABOR UNIONS. FOR THESE REASONS, THE DC LEADERSHIP SEES NO ALTERNATIVE BUT TO GET THE PCI'S SUPPORT IN PARLIAMENT (THROUGH ABSETECTIONS) BY CONSULTING OPENLY WITH THE PCI ON ITS LEGISLATIVE PROGRAM. ONLY BY DOING SO, THE DC LEADERSHIP IS CONVINCED, IS THERE ANY POSSIBILITY FOR A DC-LED MINORITY GOVERNMENT TO SURVIVE. THE DC LEADERSHIP DOES NOT SEE ANY OTHER ALTERNATIVE. IT DOES NOT SEE ANY PROSPECT OF SOCIALIST COOPERATION IN A COALITION WITH THE DC FOR THE FORESEEABLE FUTURE AND IS, IN FACT, MAKING NO VISIBLE EFFORT VIZ-A-VIZ THE SOCIALIST PARTY.

3. DC LEADERS INSIST THAT, DESPITE THE NECESSITY OF COOPERATING WITH THE PCI IN THE PARLIAMENT, THE DISTINCTION BETWEEN GOVERNMENT AND OPPOSITION WILL BE RIGOROUSLY OBSERVED. INDEED, THEY SAY, THAT TO WORK WITH THE PCI OPENLY AND ABOVE BOARD WILL BE A SUBSTANTIAL STEP FORWARD SINCE IT WILL REQUIRE THE PCI PUBLICLY TO TAKE POSITIONS FOR OR AGAINST SPECIFIC LEGISLATIVE PROPOSALS. DESPITE THESE AFFIRMATIONS, THERE IS SOME GENUINE CONCERN ABOUT MAINTAINING THE DC'S ANTI-COMMUNIST IMAGE WITH ITS ELECTORATE. THIS DILEMMA IS THE BASIS FOR THE CONFUSION IN THE DC LEADERSHIP AS TO JUST HOW THE GOVERNMENT'S PROGRAM WILL BE WORKED OUT.

4. WHILE IT IS OBVIOUSLY TOO EARLY TO DRAW ANY DEFINITIVE CONCLUSIONS, THE PRESENT ATMOSPHERE AND TREND OF EVENTS ARE DISTURBING AND COULD HAVE SERIOUS IMPLICATIONS FOR US POLICY BECAUSE THEY WILL INCREASE BOTH THE POWER AND THE RESPECTABILITY OF THE COMMUNIST PARTY AND PUT IT IN A MUCH BETTER POSITION POSSIBLY TO MOVE EFFECTIVELY TOWARD FORMAL GOVERNMENTAL PARTICIPATION AND EVENTUALLY POWER. WHILE OUR INTERESTS AT STAKE ARE MANY AND IMPORTANT, OUR LEVERS TO AFFECT THE SITUATION ARE LIMITED. WE DO NOT BELIEVE THAT, AT THIS TIME, FURTHER PUBLIC WARNINGS WILL HAVE MUCH EFFECT. PROBABLY THE MOST EFFECTIVE LEVER AVAILABLE WOULD BE FOR THE US AND EUROPEAN MEMBERS OF THE GROUP OF TEN (ESPECIALLY GERMANY) PRIVATELY TO TELL THE DC VERY
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CLEARLY THAT AN IMPORTANT ROLE FOR THE PCI IN THE ITALIAN GOVERNING PROCESS (WITHOUT REGARD TO HOW IT MIGHT BE FORMALLY ORGANIZED) WOULD NOT BE WELCOME AND WOULD ENDANGER ANY WILLINGNESS ON OUR PART TO PROVIDE FINANCIAL ASSISTANCE. THE DC MUST UNDERSTAND THAT ASSISTANCE WILL BE SUBJECT TO TWO EQUALLY IMPORTANT CONDITIONS: (A) AN EFFECTIVE ECONOMIC PROGRAM AND (B) A GOVERNMENT WITHOUT ANY FORAML OR SUBSTANTIAL INFORMAL ROLE (OTHER THAN NORMAL PARLIAMENTARY CONSULATATION AND DEBATE)

FOR THE PCI. TO BE EFFECTIVE SUCH A WARNING TO THE DC WOULD HAVE TO BE COORDINATED AMONG THE INTERESTED COUNTRIES AND DELIVERED TO THE DC AS SOON AS POSSIBLE. WE BELIEVE IT IS IMPORTANT THAT THE POTENTIAL WESTERN LENDERS BE UNANIMOUS ON THIS POINT BECAUSE THE ITALIANS, ANTICIPATING A RIGID US POSITION AND A MORE FLEXIBLE WESTERN EUROPEAN POSITION ON THE COMMUNIST ISSUE, WILL PROBABLY FIRST SEEK ACCEPTANCE AND APPROVAL FROM THEIR COMMON MARKET PARTNERS.

5. WE WOULD NOT PROPOSE TO TELL THE DC HOW TO RESOLVE THE DILEMMA THEY SEE IN GETTING A GOOD ECONOMIC PROGRAM WITHOUT PCI SUPPORT. WE ARE NEVERTHELESS CONVINCED THAT THERE ARE WAYS AND THAT THE DC IS CAPABLE OF WORKING THE PROBLEM OUT IF SUFFICIENTLY MOTIVATED. ONE OF THE WAYS CURRENTLY DISCUSSED IN THE PRESS AND AMONG POLITICIANS IS TO HAVE THE DC WORK UP A CLEARLY LABELLED DC PROGRAM WITHOUT OPEN OR BACKROOM NEGOTIATIONS WITH THE PCI, BUT PRESENT IT TO THE PCI FOR CONSTRUCTIVE CRITICISM AND TO THE PUBLIC, AND THEN TO PARLIAMENT, AND THEREBY FORCE THE PCI TO TAKE A PUBLIC POSITION ON THE PROGRAM. THIS WOULD DIFFER SHARPLY FROM THE "NORMAL" PRACTICE OF SEARCHING IN PRIVATE FOR A COMPROMISE AMONG ALL CONCERNED, THEREBY AVOIDING THE NEED TO TAKE CLEARLY DEFINED POSITIONS IN PUBLIC ON THE VARIOUS ISSUES. VOLPE

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